

WARTIME LIVESTOCK MARKETING PROBLEMS *

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To bring the war to a successful conclusion demands the most effective use of our total resources. Inevitably our normal economy is upset, and many readjustments are necessary. War demands enormous production of food, equipment, and fiber. Civilian consumption must be controlled to release these supplies for the war effort.

A choice must be made between essential and nonessential use of our resources. Increased production taxes existing facilities for transportation, processing, storage, and distribution to the utmost, nor can those facilities be increased readily during wartime. War demands the fullest possible utilization of our resources and complete cooperation in the use of all facilities. Numerous wartime regulations are necessary to coordinate this supreme war effort. As freedom-loving people, we do not like regulations, but we are willing to accept them if we understand why they are needed. Mistakes have been made and remedied, but considering the magnitude of the task, it can be said that a good job is being done. The livestock industry is not exempt from this war impact, and it is faced with some serious problems, not only now, but during the post-war adjustment period. The solution of these problems will contribute to more efficient production and marketing in the future.

As extension workers, we are all familiar with the job of Extension, which is to keep the producers informed on problems of production and marketing affecting farm income. The farmers of the United States were assigned the job of maximum food production to supply our armed forces, our allies, and our civilian population. The farmers have achieved this objective by producing in 1944 an estimated 105 percent of the volume of food produced a year ago. Meat requirements of 25½ billion pounds were set for the year, and I believe they actually will be met. This marked increase in production inevitably involves increased marketing problems that have to do not only with the production of this food but also the transportation, processing, storage, and final distribution into consumer channels.

Theodore Macklin, formerly of Wisconsin, once made the statement that 90 percent of the problems of marketing arise in production. This suggests that production and marketing are closely related and therefore need to be coordinated so that plans for production will be parallel with adequate plans for marketing and distribution of products. This is a big job--too big for any one group of State extension specialists. It is a problem that calls for the closest possible coordination between production and marketing specialists and, in fact, all extension specialists. This discussion of wartime livestock marketing problems comes fittingly at the close of a day's program that

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was devoted largely to problems of production. Let us consider briefly the job that was to be done, by considering first the volume of products which of course had to be marketed.

Meat requirements of 25½ billion pounds were set as an objective. On January 1, 1944, we had more than 82 million head of cattle on farms. This is the largest number of cattle on farms on record. It was fortunate that it came at a time when we had the greatest possible demand for meat, owing to the war. The question naturally arises whether we can dispose of this enormous supply of cattle while the demand is still strong. As has been pointed out by others on this program, the number of cattle and other livestock we can keep is definitely limited by our feed supply. This may be an additional reason for considering reduction of cattle numbers. In order that we may have no more cattle on farms January 1, 1945, than we had January 1, 1944, it appears necessary that we slaughter 32 million head of cattle this year, or about 4 or 5 million head more than were slaughtered last year. This year we are slaughtering the larger part of the 1943 crop of hogs, which was the largest in history.

The estimated pig crop for 1944 is about 28 percent less than in 1943, or approximately 88 million head, made up of 56 million head in the spring farrow and an anticipated 32 million head in the fall farrow. We will, therefore, have a considerably smaller number of hogs to market this fall and coming winter and should not have the difficulty experienced in marketing last year's record crop.

Sheep numbers have been declining and present no problem in themselves, except possibly as a part of the whole livestock marketing problem. The marketing of cattle in an orderly manner for the remainder of the year appears to be the most serious marketing problem facing us at this time. Specifically, the job consists of handling the heavy run of cattle expected on the market this fall. In general, the job of livestock marketing appears to be one of spreading marketings more uniformly throughout the year to avoid periods of scarcity and periods of surplus or gluts. Obviously this involves production plans as well as marketing plans.

What Progress Has Been Made in Getting This Job Done?

Seasonality of marketing makes the most efficient and economic use of transportation, processing, and storage facilities difficult. This, of course, is due to seasonality of production and results in normal seasonal variation in price. This normal seasonal variation has been affected by support and ceiling prices which tended to stabilize prices.

The peak of Federally inspected slaughter of cattle and calves (Table 1) usually comes in October. In 1943 more than 11 percent of the cattle and calves were slaughtered during October, about the same in November, and slightly less in December. During the first 6 months of 1944 we marketed 132 percent of the number of cattle and calves marketed during the first 6 months of 1943. During the first half of this year 2,252,000 more cattle and calves were slaughtered under Federal inspection than were marketed last year during the same period. The increase was about equally divided between cattle and calves.

Table 1. -- Federally Inspected Slaughter: Cattle and Calves*
(1,000)

1943	Cattle	Percent	Calves	Percent	Total	Percent of year's total
January	928	7.9	340	6.5	1,268	7.5
February	854	7.3	331	6.3	1,185	7.0
March	923	7.9	410	7.9	1,333	7.9
April	796	6.8	365	7.0	1,161	6.9
May	774	6.6	328	6.3	1,102	6.5
June	708	6.0	327	6.3	1,035	6.1
6 mo. subtotal	4,983		2,101		7,084	
July	845	7.2	335	6.4	1,180	7.0
August	988	8.4	434	8.3	1,422	8.4
September	1,146	9.8	532	10.2	1,678	9.9
October	1,275	10.9	655	12.6	1,930	11.4
November	1,290	11.0	625	12.0	1,915	11.3
December	1,201	10.2	529	10.2	1,730	10.2
Total	11,728		5,211		16,939	

1944	Cattle	Calves	Total	Percent 1944 1943
January	1,141	468	1,609	127
February	1,043	441	1,484	125
March	1,057	565	1,622	122
April	939	555	1,494	129
May	989	541	1,530	139
June	1,003	594	1,597	154
Total				
6 mo.	6,172	3,164	9,336	132
1943 total				
6 mo.	4,983	2,101	7,084	
	1,189	1,063	2,252	

*"Livestock, Meats, and Wool Market Reviews and Statistics," Office of Distribution, WFA.

It may be interesting to note that the percentage of slaughter of cattle and calves in 1944 over the corresponding month in 1943 has been progressively higher as the months went by, until in June of 1944 we slaughtered 154 percent as many cattle and calves as in June 1943. If this increased rate of slaughter can be maintained, we can hope to have achieved the slaughter goal of 35 million head of cattle for 1944.

The peak of Federally-inspected hogs slaughtered (Table 2) came in January this year. For the first 6 months of 1944 we processed more than 41 million hogs under Federal inspection as compared with about 30 million hogs a year ago, or an increase of 139 percent. Comparing the Federally-inspected kill of hogs in 1944 with that of 1943, our highest increase came in February when the slaughter was 170 percent of that for the same month a year earlier. The heaviest supply of hogs appeared to have been marketed by July when the kill was 88 percent of that in July 1943.

Table 2. -- Federally Inspected Slaughter: Hogs*
(1,000)

1943	Hogs No.	Percent	1944	Percent 1944 1943
January	5,431	8.6	7,839	144
February	4,335	6.8	7,380	170
March	4,661	7.3	7,165	154
April	4,463	7.0	6,290	141
May	5,357	8.4	6,643	124
June	5,650	8.9	6,095	108
6 mo. subtotal	29,897		41,412	139
July	5,427	8.6		
August	4,464	7.0		
September	4,174	6.6		
October	4,930	7.8		
November	6,972	11.0		
December	7,567	11.9		
Total	63,431			

*"Livestock, Meats, and Wool Market Reviews and Statistics,"
Office of Distribution, WFA.

The peak of sheep and lamb slaughter (Table 3) in 1943 came in October, when over 11 percent of the sheep and lambs slaughtered under Federal inspection during the year were processed. During the first 6 months of 1944 the kill of sheep and lambs was 105 percent of the first 6 months of 1943, or 475,000 head more.

Table 3. -- Federally Inspected Slaughter: Sheep and Lambs*
(1,000)

	:	:	:	:	Percent	<u>1944</u>
1943	:	Number	:	Percent	:	1943
January		1,724		7.4		1,933 112
February		1,499		6.4		1,501 100
March		1,495		6.4		1,538 103
April		1,458		6.3		1,378 95
May		1,622		6.9		1,694 104
June		1,594		6.8		1,823 114
6 mo.						
subtotal		9,392			9,867	105
July		1,988		8.5		
August		2,269		9.7		
September		2,454		10.5		
October		2,633		11.3		
November		2,370		10.1		
December		2,258		9.7		
Total		23,363				

*"Livestock, Meats, and Wool Market Reviews and Statistics,"
Office of Distribution, WFA.

Looking back over the past year's marketings, this looks like a good job done, and frankly I admit that I feel much better about the situation for the balance of the year than I did 6 months ago. However, the marketing during the last year was not without difficulties. Hog permits were instituted on most Midwest markets in December to control the flow of hogs to market. Without wishing in any way to detract from the value of the permit system which was a distinct help in the more orderly marketing of hogs last year, it might be of interest to examine the numbers of hogs held over on the 12 important markets from day to day. The first record was on November 30, when 2,500 hogs were held over. Beginning with December 1, every day for 3 months, almost without exception, a liberal number of hogs were held over from the preceding day. In the first week of December more than 131,000 hogs were held over; the next week 197,000; and the next, 196,800. The peak for held-over hogs was the week ending May 13, with a total of over 300,000 for the 6 days. Holding over of hogs was still common in July, the last record being on July 29. It is needless to say that this holding over of hogs is not desirable from the farmers' standpoint, and suggests that we still have a big job to be done in perfecting the production and marketing of hogs to avoid such market gluts.

The adjustment of support weights from time to time to avoid extreme penalty to farmers who were not able to dispose of their hogs when they were ready was of considerable help to the growers, but since the Government was not in a position to buy live hogs and could support prices only by the purchase of meat, the effectiveness of this program depended upon the ability of packers to process the hogs. Since processing facilities were taxed beyond capacity, the support price did not always hold. This situation could hardly be avoided in view of the enormous volume of hogs coming to market, and

frequently hogs outside of the support range sold at discount of as much as \$2 a hundred. Nonsupport hogs were frequently bought first, and hogs within the support weight ranges made up the bulk of held-over hogs.

As stated above, farmers and others concerned can feel some satisfaction in having done a reasonably good job in view of the enormous supplies offered and the limitations on processing and distribution. A question may well be asked whether the present rate of marketing, particularly of cattle and calves, can be maintained to the end of the season in order to take care of livestock that is ready to come to market. The marketing of as large a volume of livestock as the farmers produced in 1943 depends to no small degree upon the capacity of the facilities necessary to handle the livestock. These involve transportation, processing, storage, and distribution. What are the problems, therefore, of marketing livestock for the rest of the year? Problems in processing caused some difficulty in marketing livestock last year. As in many other industries, labor was scarce and difficult to hold because of other opportunities of employment. This problem was not so serious in the Midwest as it was in the Northwest where wages created a problem. With some prospect of reduction of employment in strictly war industries, the labor problem does not appear as serious as last year.

Storage capacity appears to be taxed almost to the limit. According to the July 1 Cold Storage Report (Table 4), issued July 17, 85 percent of the total cooler space and 87 percent of the total freezing space was occupied at that time. In meat-packing establishments in the United States, 96 percent of the cooler space and 89 percent of the freezer space was occupied, indicating that meat is being processed more rapidly than it is being put into consumption channels. This condition appears to be something of a bottleneck limiting the processing of livestock.

Table 4. -- Cold Storage Report: Meat-Packing Establishments,
July 1, 1944

Region	Net piling space		Percent of space	
	1,000 Cu. ft.		occupied	
	Cooler	Freezer	Cooler	Freezer
United States	75,907	27,760	96	89
New England	2,176	776	97	98
Middle Atlantic	7,456	1,533	94	73
East North Central	24,389	12,429	97	88
West North Central	26,849	8,897	95	91
South Atlantic	1,913	558	98	72
East South Central	1,944	416	95	96
West South Central	4,070	1,287	98	96
Mountain	2,644	749	96	98
Pacific	4,466	1,115	99	97

Cold-storage holdings of meat are relatively high. On July 1 our total meat in cold storage for the United States was 157 percent or about $1\frac{1}{2}$ times what it was a year ago, and holdings of lard were 191 percent or nearly 2 times as high as a year ago.

This naturally raises a question as to whether or not cold storage space can be cleared to make room for the fall slaughter of livestock. The liberalizing of beef rations will assist in moving meat, particularly beef. If it were possible to put commercial grades of steaks and roasts likewise on the free list, an additional increase in civilian beef consumption could be expected.

Transportation problems do not promise to be any more serious than they were a year ago, especially if more orderly distribution of marketing cattle can be maintained. The peak demand for stock cars comes in October. In 1925 we had 87,618 cars available on October 1. This number declined continuously until January 1, 1943, when we had 54,091, or about 62 percent fewer cars. At that time 1,608 cars were awaiting repairs, leaving 52,483 actually available. The peak loading of livestock cars for one week in October 1943 was 27,750 or 51.3 percent of the total cars available. The greatest number of cars of livestock loaded during the peak week of October was 45,578 in 1922 out of 73,148 cars available, or 58.2 percent. It is estimated that we will have about as many stock cars available this fall as we had a year ago. What effective use is made of those cars will depend on the rapidity of the turn-over. This suggests the need of close cooperation with the railroads in ordering, loading, and unloading cars. Obviously, hauling of livestock to market from nearby producing areas makes for more efficient use of the stock cars; whereas the long hauls from the range States result in slow turn-over and low percentage use. No serious trouble is in prospect in rail transportation if the load can be distributed as uniformly as possible throughout the season and avoid the extreme peak as far as possible in the fall.

Truck transportation of livestock presents about the same problem as was presented a year ago (Table 5). The problem again will be at the time of peak marketings. The fact that more trucks were used for transporting livestock in the pre-war period than was economically sound made trucks available when truck conservation went into effect and when normal replacements were impossible because of the war. In other words, we are now using more efficiently the trucks which we were not using to capacity in the pre-war period. The average age of trucks on farms is $7\frac{1}{2}$ years. Owing to conservation measures, trucks are not wearing out as fast as was expected, in spite of the shortage of parts and the scarcity of mechanics. Used Army trucks are being released for agricultural purposes through State War Boards and County AAA Committees. In spite of the threatened shortage of trucks, as large or a larger proportion of livestock was trucked to market during the first 6 months of 1944 than during the same period a year ago. Nearly 66 percent of the cattle were trucked into the markets as compared with 62.3 in 1943; 71 percent of calves as compared with 64 in 1943; over 67 percent of hogs as compared with nearly 68; and nearly 34 percent of sheep and lambs as compared with about 34 in 1943. This suggests that we still have a fairly adequate supply of trucks provided they are efficiently utilized. A shortage of large-sized truck tires appears to be a major difficulty in complete use of trucks.

Table 5. -- Driven-Ins As Percent of Total Receipts at Markets*

Month	Cattle		Calves		Hogs		Sheep-lambs	
	1944	1943	1944	1943	1944	1943	1944	1943
January	63.8	63.9	72.5	63.5	63.2	63.1	43.3	35.2
February	67.9	66.8	75.3	63.1	65.4	66.2	32.4	31.6
March	66.8	62.7	72.9	64.0	66.7	68.4	27.7	25.7
April	62.7	54.5	70.9	63.1	68.3	70.4	27.5	24.2
May	64.7	61.9	68.6	62.4	70.3	69.2	30.7	29.3
June	66.6	65.0	68.1	68.5	70.1	70.0	37.2	45.3
Average	65.8	62.3	71.0	64.0	67.1	67.9	33.8	33.9

*Monthly driven-in receipts at public stockyards.

The 1943 wool-purchase program assures wool growers some protection from the foreign stocks of wool on hand in this country. While this stock of wool may be a depressing influence on the wool market, we can draw some comfort from the fact that we had such a stock pile at a time when we did not know whether supplies from the Southern Hemisphere would be available or not. This stock pile, together with our present clip and the wool produced in the Southern Hemisphere, constitutes a problem that the wool growers must consider. It appears that the disposition of this surplus should be made while there is a strong demand for wool, lest the wool growers be faced with a surplus and a declining market at the same time. Not only is there this threat from the stocks of wool on hand, but also probable active competition from synthetic fibers in the post-war period.

Before considering what remains to be done, I want to commend and compliment the State extension services on what they have done under the able leadership of their directors in the overwhelming job of food production and marketing in the past years. Since extension work is an educational job, we need to appreciate the power of information and understanding. If we keep our farmers informed and help them understand the facts which we give them, they will be able to make sounder decisions and plans for production and marketing than they can make without that information. In making our plans for production, we must consider at the same time plans for marketing. All the States have splendid programs in education on livestock production and marketing through meetings, newspapers, radio, letters, and personal contacts. The State specialists know their jobs and the problems of their States better than anyone else. It is up to the Federal specialists to be of such service as they can to the State specialists by furnishing them over-all information which they can adapt and pass on to their farmers.

To summarize some of the many problems that are still to be done, I would call attention to the fall marketing of cattle. Little can be done that has not already been initiated in the way of information. We need to seek out current problems and bottlenecks that may interfere with this marketing program. The problem of transportation does not appear to be serious, provided an orderly flow of livestock can be maintained. We need to be on the lookout for possible points of difficulty that may be removed as they appear, perhaps more particularly in the local communities, by encouraging still greater

cooperation in the assembling of livestock. Cold storage appears to be tight and perhaps a bottleneck. Freer flow of meat production from cold storage into consumption channels would help make storage space available for new supplies from current marketing. If this cannot be done, the question may well be raised as to whether meat can or must be stored on the hoof more than has been done in the past. This raises a question of how it can be done and at what cost. Can more feeders find a place in feed lots for more cattle this fall if our corn crop matures as is now indicated? Severe drought threatens the corn crop in some areas and hence the probable feeding of steers. Is it possible to plan production to insure more orderly production and flow of livestock from the farm into consumption channels? The orderly reduction of cattle numbers needs to be encouraged while the demand is still high and before forced liquidation and low prices bring difficulty.

Looking into the more distant future, there are indications of some byproducts from wartime livestock marketing and developments in peacetime livestock marketing. The industry and consumers have been introduced to Government grading and labeling of meat. This should educate consumers in quality of meat and should encourage demand for better grades and result in the production of higher quality meat.

The more efficient use of transportation of livestock during the war should be maintained after the war, thereby reducing the cost of transportation as a deduction from the market price and resulting in an increase in the farmers' net return from livestock.

The experience with market gluts and resulting reduction of prices, caused by expanded wartime production, should be kept before livestock producers to focus their attention on plans for marketing alongside of plans for production.

Increased slaughter in small packing plants, as well as the large ones, may encourage the smaller packers to continue more actively and seek the necessary local outlets. This will be further encouraged by the development of cold-storage locker plants.

Further development of plans and procedure in narrowing marketing costs for livestock would result in getting a higher net dollar to the producer. The producer must of necessity take an active part in the development of such plans.

In conclusion I would say keep on with what you have been doing on livestock production and marketing, get all the information you can, and get it into the hands of your producers, and the results will speak for themselves.

